GOVERNMENT OF INDIA
PERSONNEL,PUBLIC GRIEVANCES AND PENSIONS
LOK SABHA

STARRED QUESTION NO:622
ANSWERED ON:10.05.2000
PROCEDURE FOR APPOINTMENTS IN PSU(S)
KAMAL NATH;SANJAY PASWAN

Will the Minister of PERSONNEL,PUBLIC GRIEVANCES AND PENSIONS be pleased to state:

(a) whether the Government propose to revise the Rules and Procedure for high level appointments in Public Sector Undertakings by streamlining the composition of Public Enterprises Selection Board (PESB);

(b) if so, the reasons therefor;

(c) the main amendments likely to be made; and

(d) the status of the Board after withdrawal of its powers to select officers for the Public Sector Enterprises?

Answer

MINISTER OF STATE OF DEPARTMENT OF PERSONNEL AND TRAINING AND DEPARTMENT OF PENSION AND PENSIONERS` WELFARE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS
(SMT. VASUNDHARA RAJE)

(a) to (d): A statement is placed on the Table of the Sabha.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No.622 for answer on 10.5.2000.

The Government have made certain amendments/additions to some of the provisions of Resolution No.27(21)EO/86(ACC) dated 3rd March, 1987 by which the Public Enterprises Selection Board was reconstituted. Those amendments have been published in the Gazette of India: Extraordinary, dated April 20, 2000. The changes effected are given below:

(i) As per the Resolution, one of the Members of the PESB was to be a distinguished former Chief Executive of a Public Sector Enterprise. It did not give scope for considering the appointment of a serving Chief Executive or serving/former Chief Executive of a Private Sector Enterprise or a Joint Sector Enterprise. In order to widen the scope for consideration, an amendment has been effected so as to enable consideration of a serving or former Chief Executive of a Public Sector or Private Sector or Joint Sector Enterprise, as a Member of the PESB.

(ii) In the Resolution, there was a provision for appointment of a distinguished former civil servant with experience in management of Public Sector Enterprises or in areas of finance, industry or economic affairs as a member of the PESB. There was no scope for considering a serving civil servant as a Member. Therefore, an amendment has been made to enable the Government to consider a serving civil servant also for appointment as a Member.

(iii) Another amendment relates to incorporating a provision in the Resolution to the effect that the Chairperson or a Member, who, on the date of his appointment to the PESB, was in the service of the Central or a State Government, shall be deemed to have retired from such service with effect from the date of his appointment as Chairperson/Member, as the case may be, of the PESB.

(iv) There was a provision in the Resolution that `in special cases, recruitment may be made from the organised services under the Central Government. Such cases would be where, because of special circumstances, it is necessary to place a member of an organised service in a Public Sector Enterprise or where because of the nature of the enterprise or its poor health, it would be difficult to attract good professional managers on a tenure basis.`
However, there were no guidelines laid down in the Resolution in regard to the above. Therefore, a provision has been added in the Resolution as below:

`In special circumstances, the appointment to a particular post or posts in a Public Sector Enterprise may be made other than through the PESB with the prior and specific approval of the Appointments Committee of the Cabinet. The Appointments Committee of the Cabinet while granting such an approval, will also specify the body such as, Search Committee, Selection Committee, or the Civil Services Board, as the case may be, that shall make the selection for that particular post or posts, as well as the selection procedure to be followed for filling the particular post or posts.`

(v) To take care of situations where suitable persons for consideration for appointments to Board level posts in sick and potentially sick Public Sector Undertakings on immediate absorption basis might not be forthcoming, Government had issued instructions on the 19th June, 1998 to enable appointments of officers of All India or Group `A` Central Services, on deputation basis, to the posts of

CMDs of sick andpotentially sick Public Sector Undertakings, without insisting on the rule of immediate absorption. The same has now been included in the Resolution constituting the PESB as below:

` In respect of sick and potentially sick Public Sector Undertakings, the administrative Secretaryo f the Ministry/Department concerned, in consultation with the PESBand with the approval of the Cabinet Secretary could take a decision at any stage i n the process o f recruitment t o the post of Chairman, Managing Director or Chairman-cum-Managing Director of the Public Sector Enterprise, to take a person on deputation from any of the All India or Group `A` Central Services without insisting on the rule of immediate absorption.

The aforesaid amendments do not result in the withdrawal of any of the existing powers of the PESB.There is no other amendment proposal presently under consideration.